

Descriptive outlook of trade sanctions

Prepared by Oleksii Hamaniuk (PhD student in University of Bonn), Roman Koshovnyk, Dmytro Pokryshka (KSE Institute)

Editors and contributors: Nataliia Shapoval, Yulia Pavytska

05.08.2022

Executive summary:

We estimated coverage of sanctioned exports to and imports from Russia. We used the trade data of 2019 for all computations, as some countries have not reported the trade data for 2021 yet, while 2020 was a shock year (pandemic). We use the trade data (imports and exports of Russia) from World Integrated Trade Solutions¹ and the data on the trade restrictions imposed by the partners of Ukraine from the website Global Trade Alerts².

As of 21st of July, countries from the sanction coalition³ have imposed major export sanctions⁴ on 25% of total Russian imports which cover 55 billions USD. Major import sanctions⁵ cover 8% of Russian exports or 33 billions USD, while oil embargo from the EU and Norway will add 21 p.p. or 84 billions USD in coverage. The highest nominal sanctioned exports were imposed by the EU (40 billions USD in value, or 42%) and the highest share of sanctioned exports were imposed by Japan (91%), UK (63%), Canada (62%). The highest nominal sanctioned imports were imposed by the EU (15 billions USD, or 10%), while the oil embargo will add 83 billions USD (55 p.p.). The highest share of sanctioned imports were imposed by New Zealand (99%), Canada (97%) and Australia (92%).

While the sanction coalition imposed a significant economic pressure on both Russian exports and imports, there is still room for increasing the cost of unprovoked and unjustified Russian war. EU, as the main trade partner with Russia, can increase the sanction coverage the most. However, other countries from the sanction coalition could also cover a significant share of Russian trade together. For instance, non-sanctioned imports from Russia to the United Kingdom, Republic of Korea, Japan and Singapore together give more than 11% of total Russian exports.

At the same time, sanction coalition countries should stick to their commitments about cutting trade with Russia and should impose supervision on exports to/imports from Russia via other countries and, if necessary, impose secondary sanctions.

Major import sanctions

The sanction that gives the highest coverage of the import from Russia is the oil embargo from the EU⁶ that will come into force next year. It will compose 71% of Russian exports under major import sanctions. (Figure 6)

Major import sanctions with the highest coverage in absolute terms were introduced by the EU and USA. (Figure 1) However, in relative terms the highest share of import from Russia was covered by major import sanctions from New Zealand, Canada and Australia (all imposed sanctions with >90% coverage). (Figure 2,3,4)

In total Russian exports, 8% (or 33 billions USD) are currently under major import sanctions. Oil embargo from EU and Norway will add 21 p.p in coverage (or 84 billions USD). 27% of total Russian exports will remain non-sanctioned imports of the sanction coalition even after the oil embargo comes into force. In addition, 43% of Russian exports are exports to other countries. (Figure 5)

¹ <https://wits.worldbank.org/>

² <https://www.globaltradealert.org/> - website that aggregates trade restrictions, created by University of St.Gallen (Switzerland). Some sanctions on this website are being presumed from public statements, while the official documents are unpublished or unavailable.

³ Sanction coalition — a diplomatic informal alliance of major democratic states-partners of Ukraine, which imposed financial, personal or trade restrictions on Russia for its invasion of Ukraine. Currently, the sanction coalition consists of 20 countries. For this work we consider countries that have more than 150 millions USD trade with Russia.

⁴ Major export sanctions — export ban and/or export licensing requirements for the entire product code (not firm-specific) based on the 6-digit HS 2017 classification. Export licensing requirements were imposed by the USA and considered harmful enough to reduce export to Russia of these products almost to zero.

⁵ Major import sanctions — import ban and/or import blocking tariff of additional 35 % for the entire product code (not firm-specific) based on the 6-digit HS 2017 classification. Some countries also imposed withdrawal of Most-favoured nation status from Russia. However, we cannot measure how harmful such a sanction is for Russian exports to different countries, while we consider an additional 35% of tariff harmful enough to reduce Russian export of these products almost to zero.

⁶ To compute oil embargo coverage we subtracted import of Russian oil to Hungary, Bulgaria and Croatia from the total EU oil import from Russia, as these countries are exceptions from the oil embargo policy.

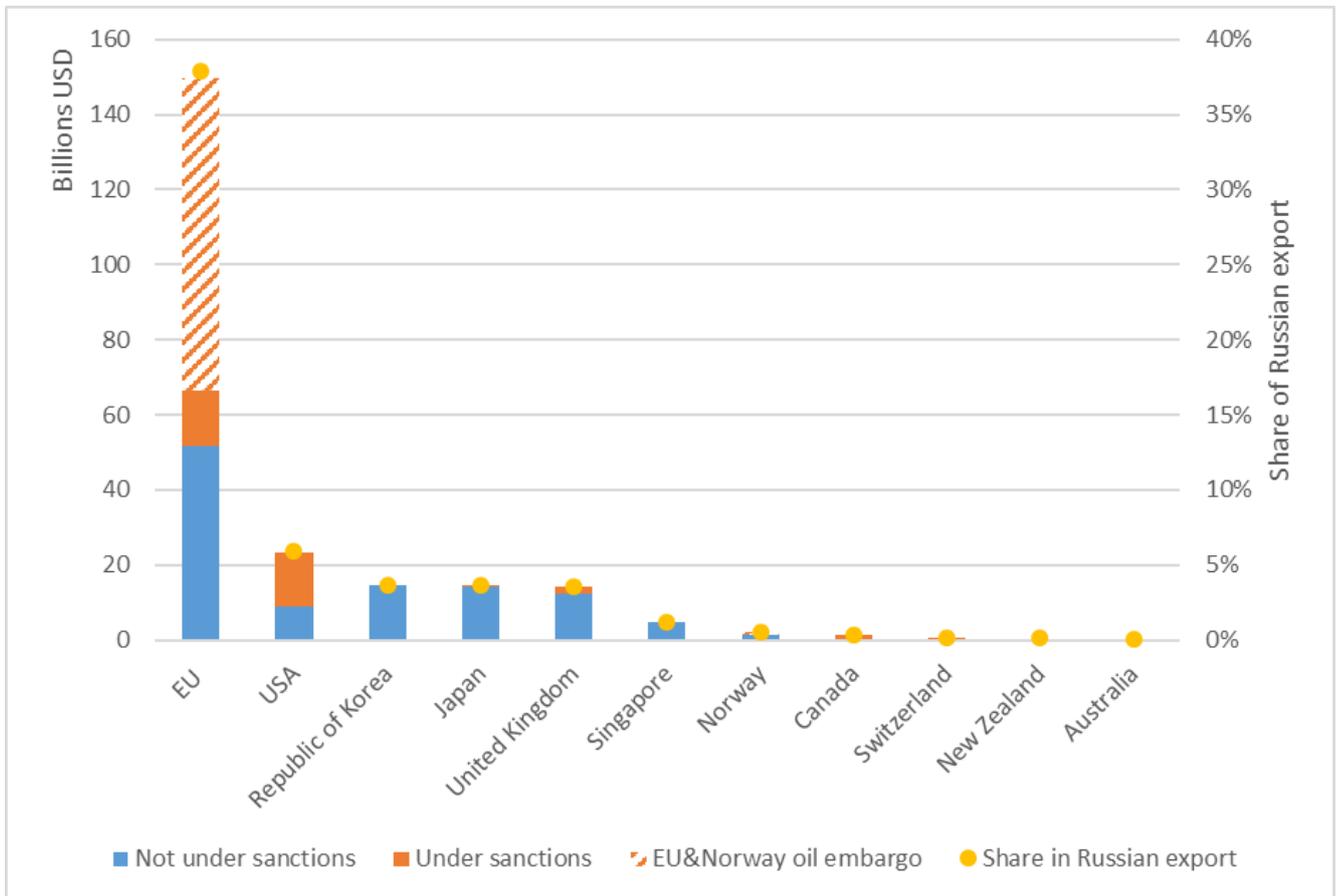


Figure 1. Import of goods from Russia by being under major trade sanctions (based on 2019 trade data)

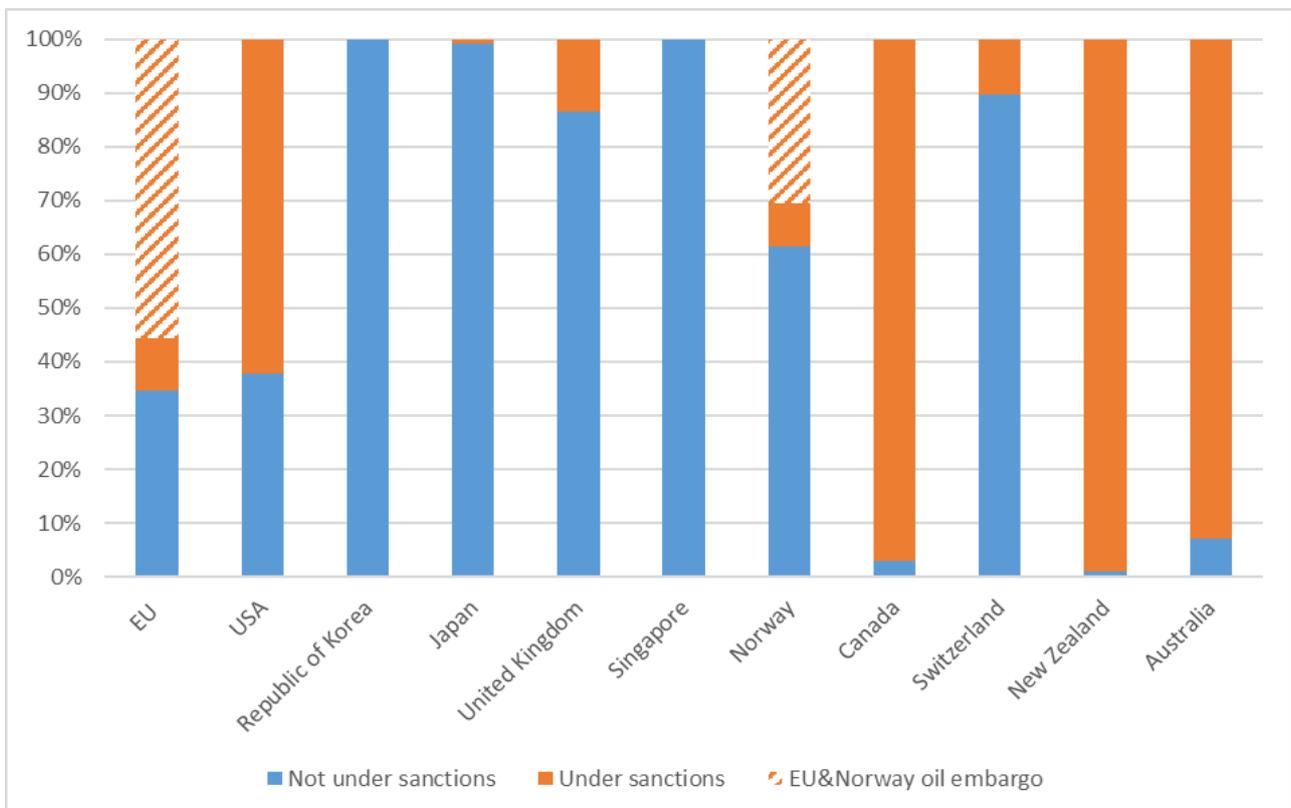


Figure 2. Share of imports from Russia by being under major trade sanctions (based on 2019 trade data)

% of Imports from Russia under sanctions, excl. oil embargo

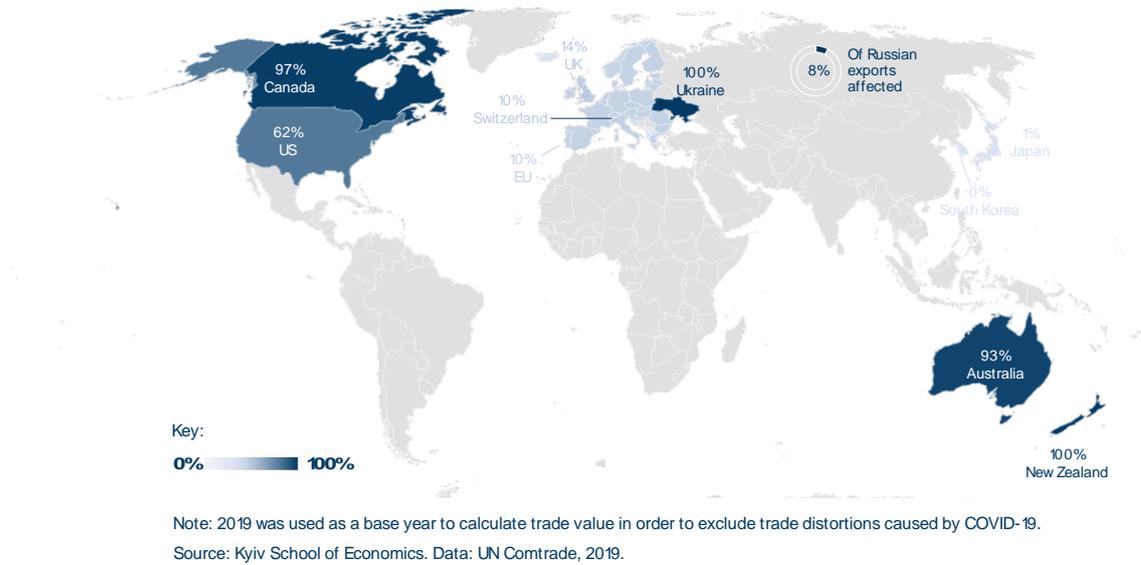


Figure 3. Map of import flows from Russia coverage by trade sanctions without oil embargo from EU and Norway (based on 2019 trade data)

% of Imports from Russia under sanctions, incl. oil embargo

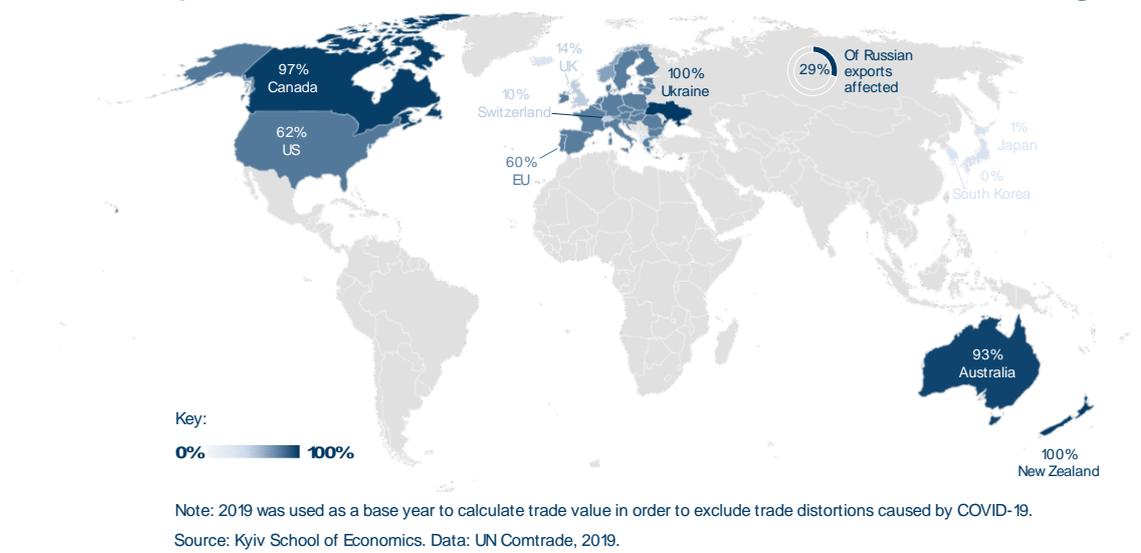


Figure 4. Map of import flows from Russia coverage by trade sanctions including oil embargo from EU and Norway (based on 2019 trade data)

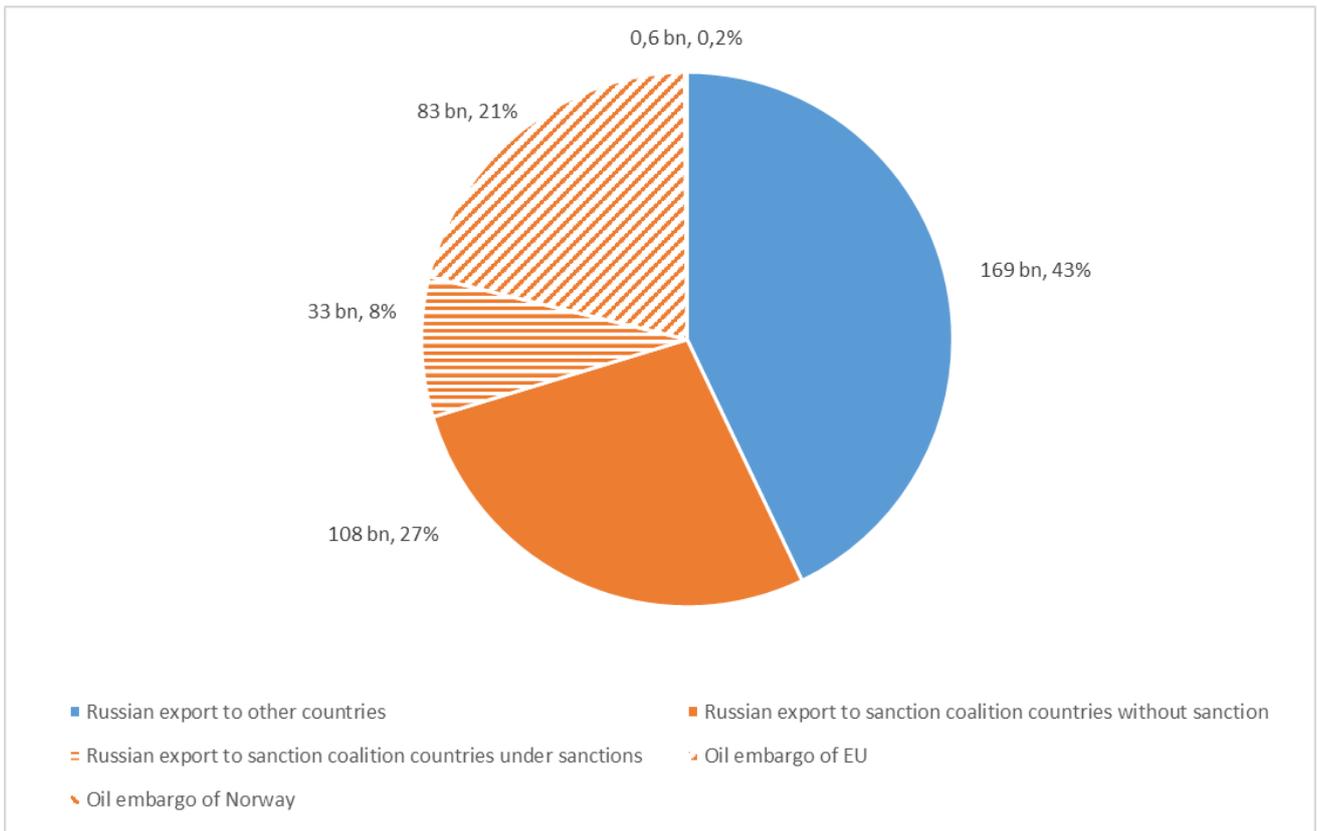


Figure 5. Russian exports by being under major trade sanctions, billions USD (based on 2019 trade data)

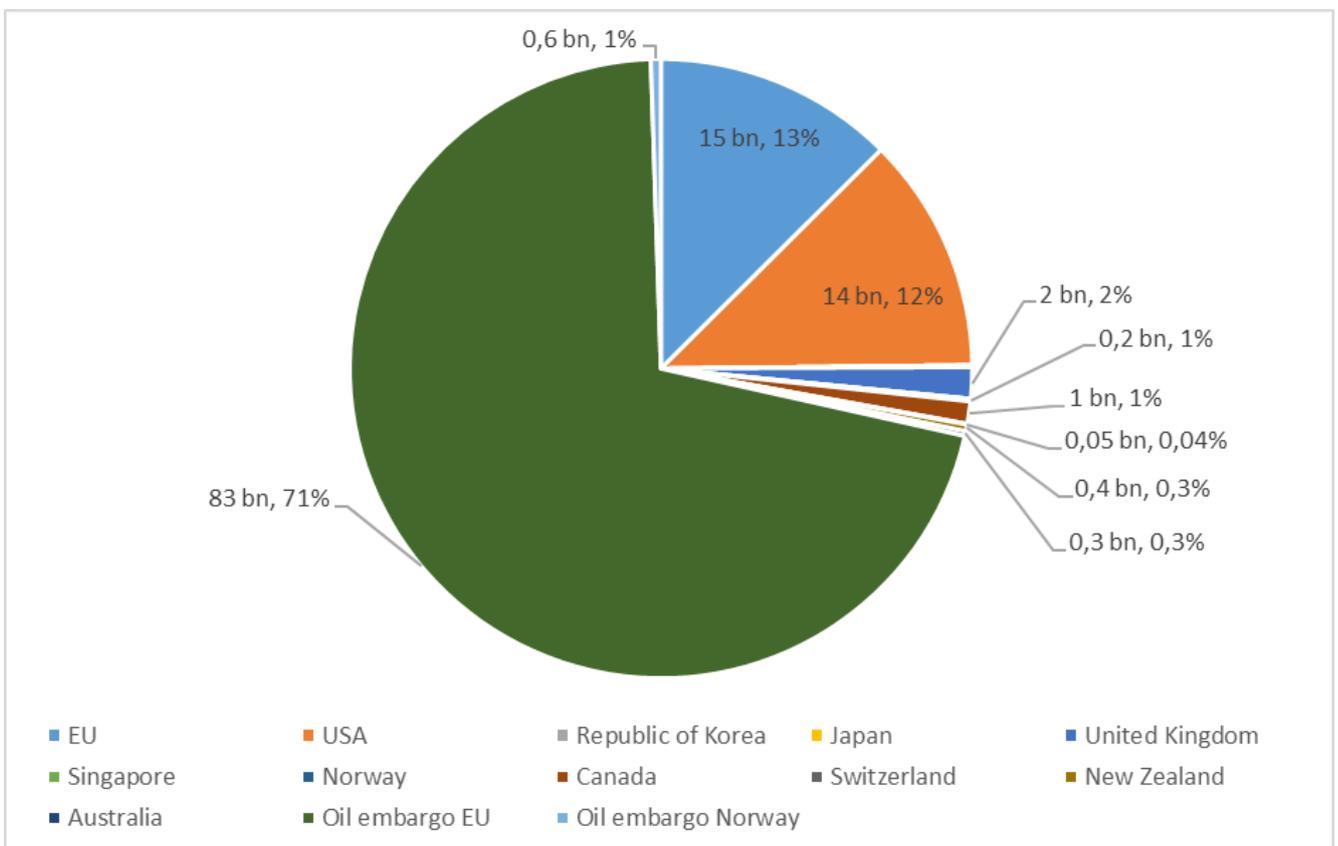


Figure 6. Russian exports under trade sanctions, billions USD (based on 2019 trade data)

Major export sanctions

We can see that the EU is the major trading partner with Russia. Its exports cover 43% of Russian imports. Total share of exports from the sanction coalition covers 56% (Figure 7). So far, 24% (or 55 billions USD) of total Russian imports are under major export sanctions (Figure 10). In relative terms Japan, UK and Canada imposed major export restrictions on more than 60% of their exports to Russia (Figure 8,9). The EU and USA imposed such measures on more than 40 % of their exports to Russia, while their total coverage of exports in monetary terms is more than 75% of all sanctioned Russian imports. Figure 11 shows us the distribution of sanctioned 55 billions USD of Russian imports between sanction coalition countries.

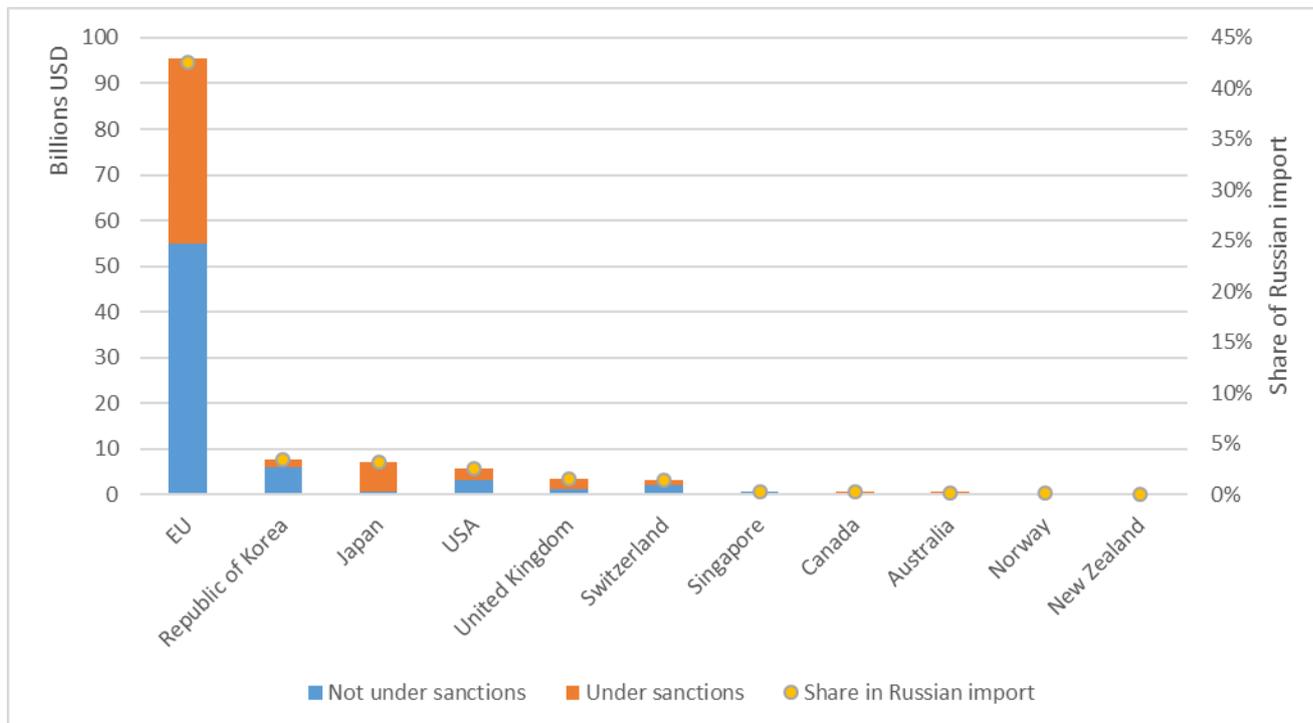


Figure 7. Exports to Russia by status of being under major trade sanctions (based on 2019 trade data)

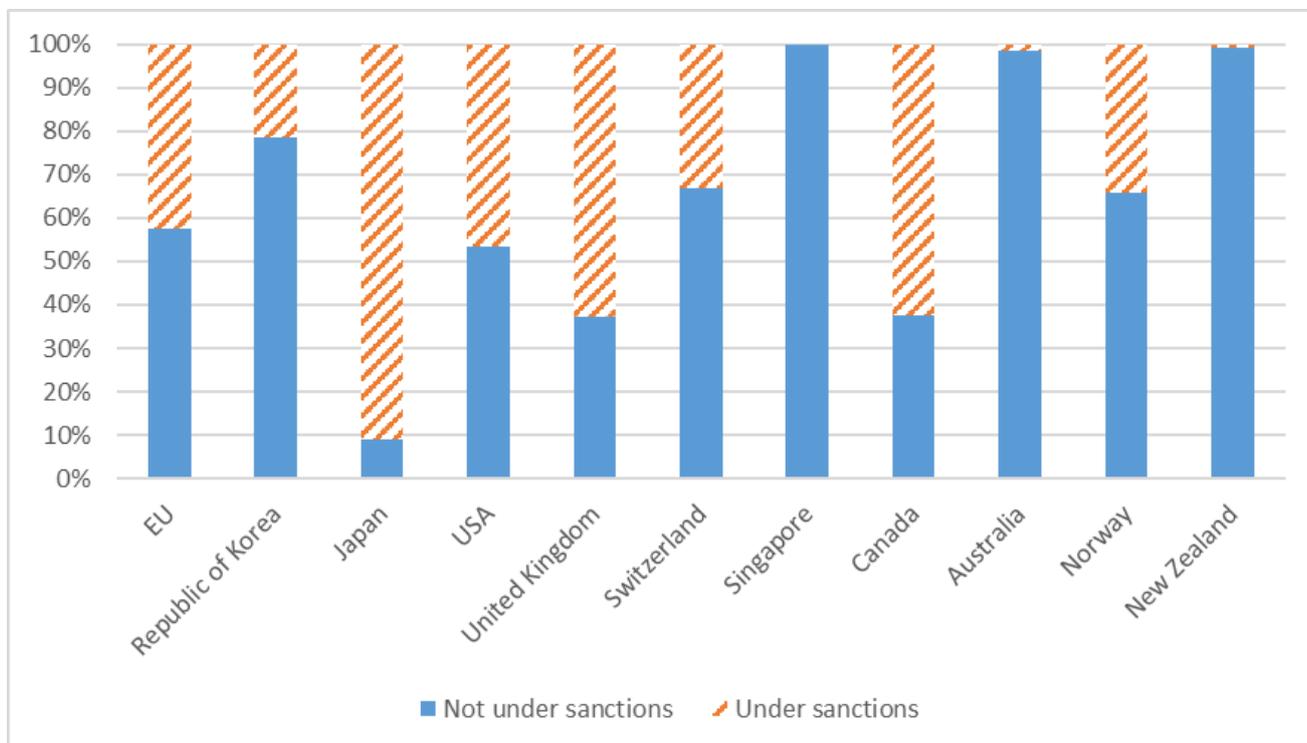
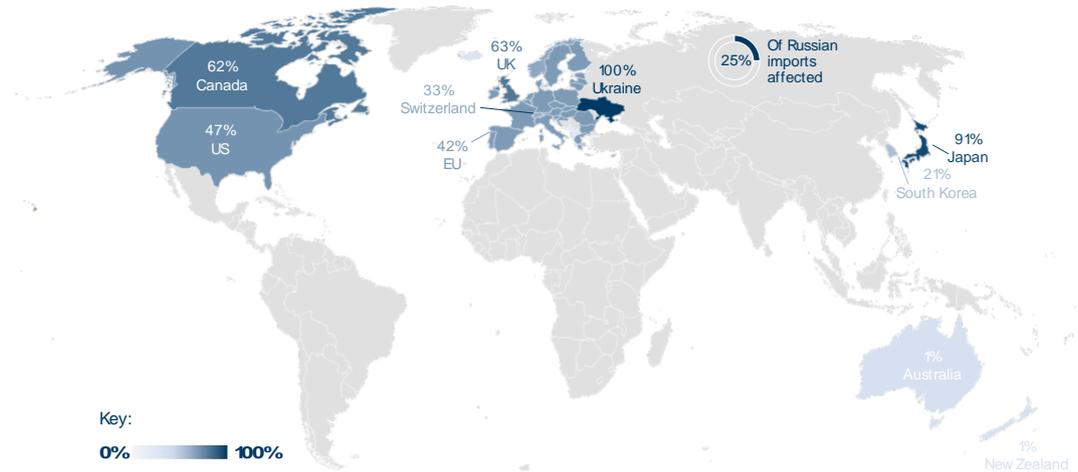


Figure 8. Share of exports to Russia by being under major trade sanctions (based on 2019 trade data)

% of Exports to Russia under sanctions



Note: 2019 was used as a base year to calculate trade value in order to exclude trade distortions caused by COVID-19.

Source: Kyiv School of Economics. Data: UN Comtrade, 2019.

Figure 9. Map of export flows to Russia coverage by trade sanctions (based on 2019 trade data)

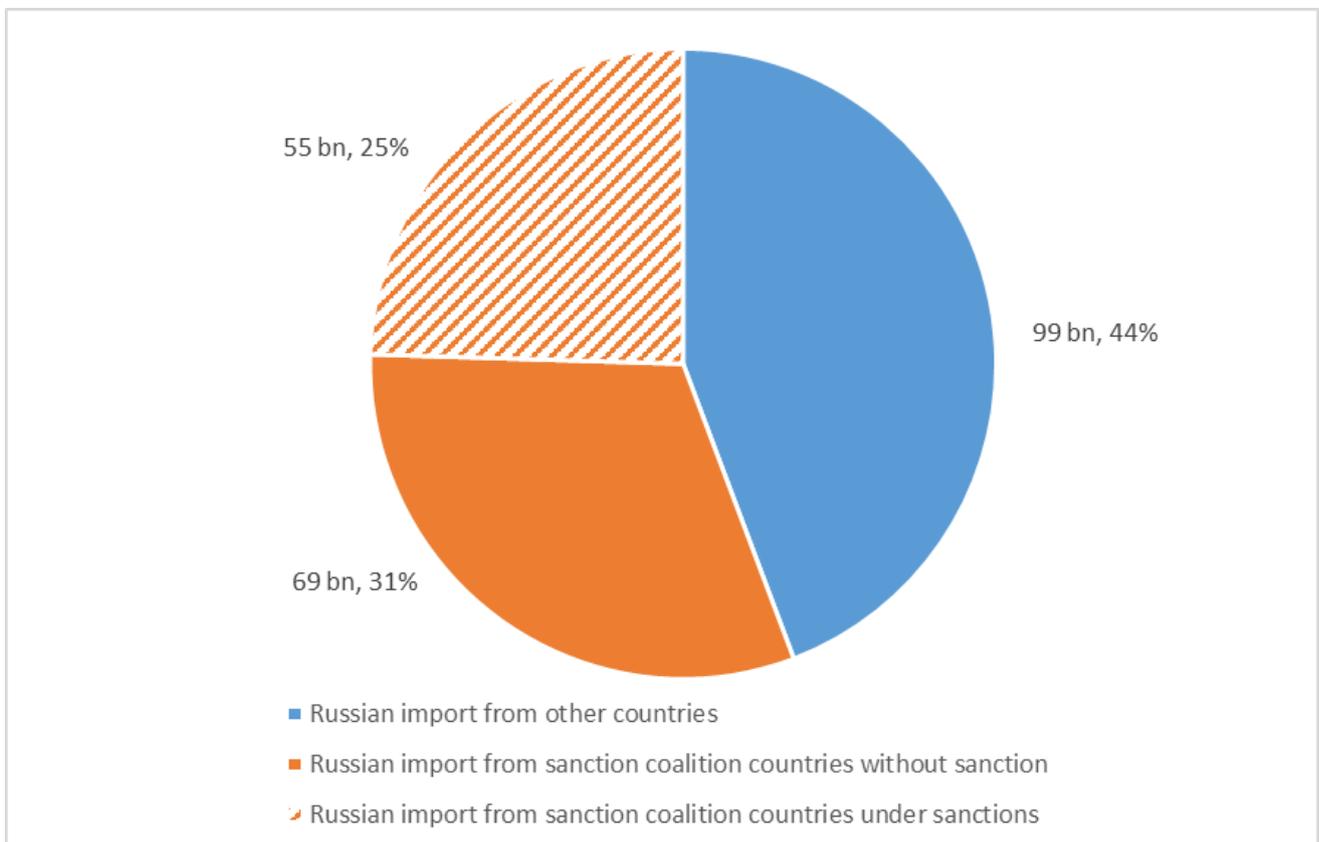


Figure 10. Russian imports by being under major trade sanctions, billions USD (based on 2019 trade data)

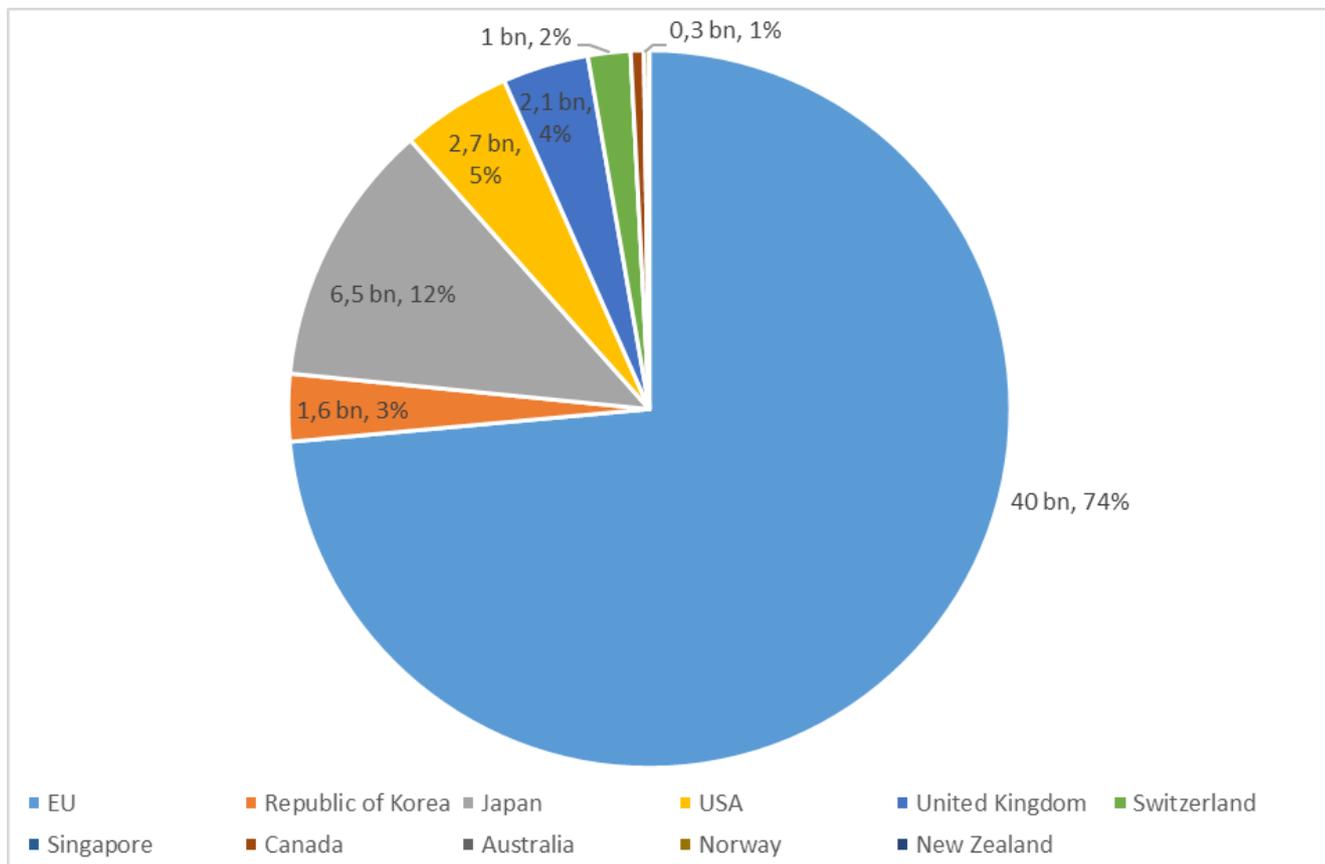


Figure 11. Russian imports under trade sanctions, billions USD (based on 2019 trade data)

Table 1. Major import sanctions analysis

Country	Total trade, billions USD	Under sanctions, billions USD	% under sanctions	Total products (zero trade)	# of products under sanction (zero trade)	% in Russian export	% under sanctions in Russian export
EU	149,609	14,653	9,79%	4695 (675)	444 (100)	37,91%	3,71%
Oil embargo EU	0,000	83,149	55,58%				21,07%
USA	23,185	14,421	62,20%	2365 (837)	165 (119)	5,87%	3,65%
Republic of Korea	14,567	0,000	0,00%	2136 (732)	0 (0)	3,69%	0,00%
Japan	14,317	0,121	0,85%	1273 (635)	248 (178)	3,63%	0,03%
United Kingdom	14,124	1,915	13,56%	3296 (2265)	3000 (2100)	3,58%	0,49%
Singapore	4,718	0,000	0,00%	1072 (444)	0 (0)	1,20%	0,00%
Norway	1,997	0,160	8,01%	1717 (889)	444 (353)	0,51%	0,04%
Oil embargo Norway	0,000	0,609	30,50%				0,15%
Canada	1,403	1,361	97,01%	3972 (2604)	3723 (2479)	0,36%	0,34%
Switzerland	0,452	0,047	10,36%	3627 (2052)	292 (189)	0,11%	0,01%
New Zealand	0,411	0,407	99,08%	2114 (1564)	1776 (1356)	0,10%	0,10%
Australia	0,317	0,295	92,95%	3023 (2486)	2880 (2409)	0,08%	0,07%
North Macedonia	0,142	0,000	0,00%	808 (350)	0 (0)	0,04%	0,00%
Albania	0,106	0,000	0,00%	20 (6)	0 (0)	0,03%	0,00%
Iceland	0,053	0,000	0,00%	760 (342)	0 (0)	0,01%	0,00%
Montenegro	0,010	0,000	0,00%	955 (423)	0 (0)	0,00%	0,00%
Andorra	0,000	0,000	0,00%	42 (8)	0 (0)	0,00%	0,00%
Total	225,411	117,137	51,97%			57,11%	29,68%

Table 2. Major export sanctions analysis

Country	Total trade, billions USD	Under sanctions, billions USD	% under sanctions	Total products (zero trade)	# of products under sanction (zero trade)	% in Russian import	% under sanctions in Russian import
EU	95,423	40,411	42,35%	5046 (315)	1727 (78)	42,58%	18,03%
Republic of Korea	7,774	1,668	21,46%	2986 (804)	618 (185)	3,47%	0,74%
Japan	7,178	6,544	91,17%	3352 (1766)	2952 (1554)	3,20%	2,92%
USA	5,787	2,706	46,76%	3659 (1265)	1500 (607)	2,58%	1,21%
United Kingdom	3,376	2,117	62,70%	3378 (904)	1125 (244)	1,51%	0,94%
Switzerland	3,136	1,045	33,31%	3003 (1064)	1483 (526)	1,40%	0,47%
Singapore	0,550	0,000	0,00%	1298 (457)	0 (0)	0,25%	0,00%
Canada	0,526	0,328	62,28%	2358 (919)	942 (374)	0,23%	0,15%
Australia	0,510	0,007	1,41%	1069 (586)	190 (131)	0,23%	0,00%
Norway	0,349	0,119	34,18%	2746 (1680)	1727 (1267)	0,16%	0,05%
New Zealand	0,194	0,002	0,97%	469 (273)	56 (40)	0,09%	0,00%
Iceland	0,080	0,000	0,00%	229 (136)	0 (0)	0,04%	0,00%
North Macedonia	0,052	0,000	0,00%	213 (112)	0 (0)	0,02%	0,00%
Montenegro	0,002	0,000	0,00%	135 (70)	0 (0)	0,00%	0,00%
Albania	0,001	0,000	0,00%	1 (0)	0 (0)	0,00%	0,00%
Andorra	0,000	0,000	0,00%	66 (13)	0 (0)	0,00%	0,00%
Total	124,937	54,947	43,98%			55,75%	24,52%